

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 459 Specialty License Plates

SPONSOR(S): Patronis

TIED BILLS: **IDEN./SIM. BILLS:** SB 1274

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Infrastructure</u>	<u>9 Y, 1 N</u>	<u>Suarez</u>	<u>Miller</u>
2) <u>Economic Expansion & Infrastructure Council</u>	<u></u>	<u></u>	<u></u>
3) <u>Policy & Budget Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
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SUMMARY ANALYSIS

HB 459 provides for the creation of a “Horse Country” specialty license plate. The annual use fee of \$25 per tag shall be distributed to PCMI Properties, Inc. (a support organization for Panama City Marine Institute), a Florida not-for-profit corporation whose mission is to redirect and motivate at-risk youth to accept responsibility for their actions, develop respect for themselves and others, and become productive members of the community.

Specialty license plates must be specifically authorized by Florida Statute. Section 320.08053, F.S., establishes requirements that organizations must meet to create a new specialty license plate, including a scientific survey performed by an independent sampling firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost, long and short term marketing plans addressing revenues and expenditures, and a \$60,000 application fee, among other requirements. As of February 25, 2008, there are 109 specialty license plates available for purchase in the state.

The fiscal impact of this bill is approximately \$60,000 to the Department of Highway Safety and Motor Vehicles (DHSMV) for implementation of the new specialty license plate. The fiscal impact will be offset by the application fee of \$60,000 paid to the DHSMV by the sponsoring organization.

PCMI Properties, Inc., has not met all of the statutory application requirements to pursue legislation for the “Horse Country” specialty license plate. A scientific survey conducted by an independent survey firm indicating 30,000 motor vehicle owners would purchase the proposed plate at the increased cost was rejected by DHSMV. Section 320.08053(1), F.S., requires that applications submitted for specialty license plates must be completed no later than 90 days before the convening of the next regular session of the legislature.

This act shall take effect July 1, 2008.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provides Limited Government – The bill appears to increase the size of government in that it requires the Department of Highway Safety and Motor Vehicles (DHSMV) to develop and provide for the manufacture of a new license plate, and therefore requires county tax collectors offices to maintain an appropriate inventory and administer the new plate.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Currently, specialty license plates are available to any owner or lessee of a motor vehicle who is willing to pay an annual use fee for the privilege. Annual use fees ranging from \$15 to \$25, paid in addition to required license taxes and service fees, are distributed to an organization or organizations in support of a particular cause or charity signified in the plate's design and designated in statute. The Legislature may create a specialty license plate under its own initiative, or it can do so at the request of an organization. Under s. 320.08053, F.S., an organization may seek legislative authorization for a new specialty licensed plate by meeting a number of requirements.

An organization is first required to submit to the Department of Highway Safety and Motor Vehicles (DHSMV) the following:

- A request for the plate describing it in general terms.
- The results of a professional, independent, and scientific sample survey of Florida residents indicating that 30,000 vehicle owners intend to purchase the plate at the increased cost.
- An application fee of \$60,000 defraying the DHSMV's cost for reviewing the application, developing the new plate, and providing for the manufacture and distribution of the first run of plates.
- A marketing strategy for the plate and a financial analysis of anticipated revenues and planned expenditures.

These requirements must be satisfied at least 90 days prior to the convening of the next regular session of the Legislature. Once the requirements are met, DHSMV notifies the committees of the House of Representatives and Senate with jurisdiction over the issue, and the organization is free to find sponsors and pursue legislative action.

Effect of Proposed Changes

This bill amends ss. 320.08056 and 320.08058, F.S.; authorizing the DHSMV to develop and issue a "Horse Country" license plate upon payment of the appropriate license taxes and a \$25 special use fee.

Annual use fees collected from the sale of this license plate shall be distributed to PCMI Properties, Inc. They will administer the fees and use the proceeds as follows:

- PCMI Properties, Inc., may retain all revenue from annual use fees until up to \$60,000 of documented startup costs have been recovered.
- Thereafter, up to 25 percent of the annual use fee revenue may be used for promotion and marketing of the plate.
- Funds may be used as necessary for annual audit or compliance affidavit costs.
- Remaining revenue shall be used for programs involved in the rehabilitation of at-risk youth, including the provision of educational materials, athletic equipment, transportation, food, medical services, counseling, scholarships, and other direct administrative and program expenses. Funds may also be used as grants for expansion of youth rehabilitation programs, giving special consideration to those programs that use horses and other livestock.

PCMI Properties, Inc., is organized exclusively for charitable and organizational purposes benefiting the Panama City Marine Institute. Revenues received from sales of the license plate would supplement state expenditures through the Florida Department of Juvenile Justice (“DJJ”) and Associated Marine Institutes of Florida. Services delivered by PCMI Properties, Inc., are traditionally consistent with the mission of DJJ.¹

The fiscal impact incurred as a result of this bill is approximately \$60,000. This impact is offset by the \$60,000 application fee PCMI Properties, Inc., is required to pay. Revenue generated from the sale of this license plate is based on public interest and cannot be predicted.

PCMI Properties, Inc., has not met the application and statutory requirements to pursue legislation for the “Horse Country” specialty license plate. Applicants are required to submit a scientific survey performed by an independent survey firm indicating that 30,000 motor vehicle owners would purchase the proposed plate at the increased cost. DHSMV rejected the survey submitted by PCMI Properties, Inc., for reasons beyond the control of PCMI Properties, Inc.² Section 320.08053(1), F.S., requires that applications submitted for specialty license plates must be completed no later than 90 days before the convening of the next regular session of the legislature. Additionally, because DHSMV rejected the survey, it was not submitted to the Auditor General for validation that the organization has met all statutory requirements.³

¹ Florida Department of Juvenile Justice Agency Analysis of HB 459. February 22, 2008.

² Upon review of the independent survey, DHMSV determined that a random sample survey was not conducted and that respondents from past surveys were used as part of the current survey. Letter from DHSMV to Mr. James Russell, Executive Director of Panama City Marine Institute, Inc., February 6, 2008.

³ Section 320.08053(1)(b), F.S.

C. SECTION DIRECTORY:

Section 1. Amends s. 320.08056(4), F.S., providing for a \$25 annual use fee for the “Horse Country” specialty license plate.

Section 2. Amends s. 320.08058(65), F.S., creating the “Horse Country” specialty license plate: providing for plate design and providing for the distribution and uses of the annual use fees.

Section 3. Provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS section below.

2. Expenditures:

See FISCAL COMMENTS section below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons who elect to purchase the specialty license plate will be required to pay an annual use fee of \$25 in addition to applicable taxes and administrative charges. The fee from the “Horse Country” license plate will be distributed to PCMI Properties, Inc., for: (1) funding involved in the rehabilitation of at-risk youth, particularly those that use horses and other livestock; (2) recovery of all startup costs for developing and establishing the plate; and (3) administration, promotion and marketing of the plate.

It is impossible to determine how many people will purchase the plates because the sale of this license plate will be based upon public interest. Therefore, the aggregate impact to the private sector cannot be determined.

D. FISCAL COMMENTS:

Implementation of HB 459 will cost DHSMV approximately \$60,000 in contract programming, development labor, and product purchasing costs for the creation of the "Horse Country" license plate. This fiscal impact is offset by the statutory application fee of \$60,000, which has been submitted to DHSMV by PCMI Properties, Inc., for the creation of this specialty license plate. If the specialty license plate is not approved by the Legislature, the application fee will be refunded to PCMI Properties, Inc.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

No additional rule making authority is required to implement the full provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

The DHSMV recommends that this act take effect October 1, 2008 instead of July 1, 2008 to allow time for implementation. The sponsor's staff has indicated that the sponsor is willing to offer an amendment to change the effective date.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 6, 2008, three amendments were adopted by the Committee on Infrastructure. Amendment No. 1 provides for the sponsoring organization to meet all statutory requirements by satisfying the independent survey requirement before issuance of the specialty license plate by DHSMV. Amendment No. 2 provides that this act shall take effect October 1, 2008. Amendment No. 3 provides that only 10 percent of revenue collected may be used for promotion and marketing of the plate, and as necessary for annual audit or compliance affidavit costs.